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SUBJECT: NATIONAL GOES TO BAT

Classified By: ACTING DCM KATHERINE B. HADDA, FOR REASONS 1.4 (B,D)

11. (U) Summary. After a week of press leaks and innuendo, the 2005 election season swung into full gear with Opposition National Party leader Don Brash's much-anticipated speech at Orewa Rotary Club on January 25, unveiling National's long-promised position on welfare reform. Expectations for this speech were astronomical after a speech at the same venue in January 2004 surprised both the Government and National by resulting in a 15 percent poll jump for National. While short on specific policy prescriptions, the biggest announcement in the speech was a pledge to reduce the total number of beneficiaries by 100,000 within the next ten years.

12. (SBU) Although the speech made it onto the front pages, public reaction seems well below that generated by last year's speech. But the message gives an idea of National's intentions going into the early stages of the election campaign. By raising the welfare issue, the party hopes to attract struggling middle-income working families with children, and to solidify support by traditional National voters. Learning from last year, the Government responded quickly to the speech, noting that the number of beneficiaries has actually declined since Labour has been in office. End summary.

Orewa II: Return of the Brash  
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13. (U) After a week of press leaks and innuendo, Opposition National Party leader Don Brash gave a much-anticipated speech at Orewa Rotary Club on January 25, unveiling National's long-promised position on welfare reform. Brash was quick to note that he is not condemning legitimate beneficiaries, but rather aiming at the widespread fraud he believes is in the system. Welfare is "a temporary hand up not an open-ended handout," he said, emphasizing that the system was out of control. Brash noted that since 1975, New Zealand's population had grown by 32 percent, but the number of Sickness Benefit recipients has grown by almost 500 percent, and those on the Invalids' Benefit by almost 700 percent. Since 1999, when the current Labour Government took office, the population has grown by 6 percent, versus 40 percent growth in the number receiving those two benefits.

14. (U) Expectations for this speech were astronomical: at the same venue and time last year, Brash's speech attacking racial preference in Government policies resulted in a 15 percent poll jump for National, surprising both his own party and the Labour Government. Proving they have learned their lesson, and leaving no doubt that election year sparring has begun, Minister for Social Development Steve Maharey immediately countered this year's speech, pointing to a reduction in overall beneficiary numbers since 1999, and highlighting New Zealand's current record low unemployment rate. He also claimed that Labour was already enacting all of the "good recommendations" from the speech. The remainder of Brash's recommendations were failed National policies from the 1990s, Maharey said. Prime Minister Helen Clark, in a limited statement, stood by her record, and pointed to a 20 percent reduction of working age benefit recipients during Labour's 5-years in Government.

Promises Made  
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15. (U) While not varying substantially from policies announced by Party Welfare Spokeswoman Katherine Rich in 2003, Brash did make a new pledge to reduce the total number of beneficiaries by 100,000 within the next ten years. To achieve this, Brash focused primarily on more stringent application of single-parent subsidies- the Domestic Purposes Benefit (DPB). He also advocated a limited "work-for-the-dole" program or retraining for those receiving unemployment, and tougher medical evaluation of those receiving Sickness and Invalid payments. For employees seen as risky, i.e. those without experience, with poor English skills, or with a criminal record, potential employers would be offered a 90-day "trial period" to encourage greater workforce participation.

16. (U) Repeating National's mantra of "personal

responsibility" versus an expanding "nanny state," Brash called for DPB recipients to be ready for part-time work when their youngest children turned five and full-time when they turned 14. Brash savaged the Labour Government for allowing women to have greater incomes if they deny having a relationship with their childrens' father than they would if the same couple were married. Brash also stated that under a National government, single parents on the DPB who won't name the father of their children would face financial penalties. Brash also advocated adoption as an option, especially for teenage mothers.

The Political Angle

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17. (U) Demonstrating election year sensitivities, Brash was quick to clarify that National's welfare policies will not apply to social security benefits for either people over 65 or those physically or mentally unable to support themselves. He also stressed that National would be supportive of women trying to leave abusive relationships. With National's voters statistically older than Labour's, and the overall speech aimed at working New Zealanders, these clarifications should reassure National's core constituency. Critics of his proposals, which include the Green Party, United Future and social welfare groups, point out that there are few specifics in the plan, no mention of anticipated costs, and little to differentiate it from past National policies.

Comment

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18. (C) Because of the attention generated by last year's speech, extensive media coverage and a strong government response were assured for this one, regardless of topic or caliber. Despite the initial media blitz, however, voters had a lukewarm reaction, with newspapers reporting they had received a quarter of the number of letters commenting on the speech compared to 2004. This is not altogether surprising, given the unreasonably high expectations placed on Brash by the media and his own party. The speech was significant, though, in that it has countered criticism that National has been afraid to unveil policies for fear that the Labour government will hijack the agenda by itself implementing National's recommended reforms, as happened after last year's Orewa speech. Whether the Government will succeed with a similar sleight of hand this time remains to be seen, but officials' claims that Labour has already reduced the number of beneficiaries was no doubt intended as a step in this direction.

Swindells